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June 1, 1994

RECEIVED

Mr. William F. Caton Acting Secretary Federal Communications Commission 1919 M Street N.W., Room 222 Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Re: Gen. Dkt. 90-314 Ex Parte Presentation

Dear Mr. Caton:

On Tuesday, May 31, 1994, representatives of U S WEST discussed with representatives of the Commission's Office of Plans and Policy, Motorola's May 25, 1994 ex parte filing made in the above captioned docket. The purpose of the discussion was to provide the Commission with U S WEST's views on the new PCS band plan proposed in Motorola's filing. The following summarizes U S WEST's positions.

As background, U S WEST has been an active participant in the Commission's PCS proceedings and, given its wireless and landline experience, has been able to provide the Commission with an informed perspective on PCS. In addition to providing local exchange telephone service throughout fourteen western states, U S WEST's cellular subsidiary, U S WEST NewVector, provides cellular service in approximately 45 markets and has been at the forefront of the cellular industry's transition to digital technology. Moreover, U S WEST has a significant out-of-region investment in Time Warner Entertainment's Full Service Network and is a 50% partner with Cable & Wireless in Mercury Personal Communications, one of two PCS licensees in the U.K. and the first company in the world to offer commercial PCS services at 1.8 GHz. Given these diverse ownership interests, U S WEST is in a unique position to comment on Motorola's proposal.

The U S WEST representatives were: Stephen D. Boyd, Vice President - Personal Communications Development Group; Susanne J. Mason, Director, Public Policy, Personal Communications Development Group; Elridge Stafford, Director of Federal Relations, U S WEST, Inc.; and the undersigned. The OPP representatives were: Robert M. Pepper, Chief; and Donald Gips, Deputy Chief.

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Mr. William F. Caton June 1, 1994 Page 2

U S WEST has reviewed the PCS spectrum plan submitted by Motorola, and has reached the following conclusions. By licensing three 30 MHz PCS providers, the Commission will create a more competitive wireless market thereby creating more choices for American consumers. Additional advantages to consumers would also result:

- if compatible technologies are deployed, consumers will be able to avoid more costly dual-mode handsets when roaming between 10 MHz and 30 MHz licenses;
- services which integrate home, office and public environments can be made available more easily and at lower costs;
- greater interoperability between the 10 MHz and 30 MHz bands will increase opportunities for smaller players to succeed, thus resulting in more choices for consumers;
- the frequency pairing scheme will simplify microwave coordination and relocation.

For the aforementioned reasons, U S WEST believes that the Motorola spectrum plan will benefit consumers by facilitating a rapid and less costly roll-out of PCS services. Moreover, this spectrum plan fairly balances the interests of would-be participants in the PCS industry.

Although U S WEST favors Motorola's proposal, the company is not yet prepared to endorse other alternatives relative to the PCS allocation scheme that we understand are now under consideration by the Commission. We refer, specifically, to the disaggregation of frequency blocks to enable cellular incumbents to acquire up to 15 MHz of PCS spectrum in their cellular service areas. U S WEST raises the following issues for the Commission's consideration.

In assessing the efficacy of any such proposals, the Commission must take into account certain administrative considerations. For example, disaggregation of frequency blocks will add a significant layer of complexity to an auction process which is already extremely complicated. Disaggregation may also distort PCS spectrum values.

From a corporate perspective disaggregation would benefit LECs by providing greater flexibility to augment land-

Mr. William F. Caton June 1, 1994 Page 3

line service offerings, <sup>2/</sup> enhance in-region cellular operations, and perhaps ameliorate the effects of the restrictive PCS attribution rules currently in place. <sup>3/</sup> At the same time, any benefits to the company's in-region operations are counterbalanced by a concomitant strengthening of embedded competitors out of region. On balance, U S WEST's experience continues to support its previous statements in this proceeding. That is, more competition is better for consumers.

Respectfully submitted,

Laura D. Ford

Vice President - Federal

Regulatory

This would be particularly beneficial to the RBOC LECs who do not have access to cellular spectrum due to the cellular separate subsidiary restrictions set forth in Section 22.901 of the rules.

For example, U S WEST NewVector is ineligible to apply for a 30 MHz block in the Portland MTA, despite its very limited cellular ownership interests throughout the MTA.

## CERTIFICATE OF SERVICE

I, Donna M. Crichlow, hereby certify that the foregoing letter was served by first-class mail, postage prepaid, this 1st day of June, 1994, on the following persons:

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- \* Commissioner James E. Quello Federal Communications Commission 1919 M Street, N.W. Room 802 Washington, D.C. 20554
- \* Commissioner Andrew C. Barrett Federal Communications Commission 1919 M Street, N.W. Room 826 Washington, D.C. 20554
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Donna M. Crichlow

\* Delivered By Hand.